

ENVIRONMENTAL QUALITY

Summary: FY 2008-09 House Substitute: SB 1097, H-1

Analyst: Kirk Lindquist

| | FY 2007-08 YTD | FY 2008-09 Executive | FY 2008-09 Senate | FY 2008-09 House | FY 2008-09 Enacted | Difference: House Recommendation From FY 2007-08 YTD | |
|-------------------|----------------------|-------------------------|----------------------|----------------------|-----------------------|--|--------------|
| | | | | | | Amount | % |
| IDG/IDT | \$18,662,900 | \$19,071,200 | \$18,890,200 | \$19,071,200 | | \$408,300 | 2.2 |
| Federal | 132,150,500 | 130,636,100 | 130,636,100 | 130,636,100 | | (1,514,400) | (1.1) |
| Local | 0 | 0 | 0 | 0 | | 0 | 0.0 |
| Private | 455,100 | 455,700 | 455,700 | 455,700 | | 600 | 0.1 |
| Restricted | 177,212,700 | 173,317,100 | 173,918,100 | 173,317,100 | | (3,895,600) | (2.2) |
| GF/GP | 42,763,200 | 44,998,600 | 44,851,600 | 45,003,600 | | 2,240,400 | 5.2 |
| Gross | \$371,244,400 | \$368,478,700 | \$368,751,700 | \$368,483,700 | | (\$2,760,700) | (0.7) |
| FTEs | 1,567.7 | 1,519.7 | 1,519.7 | 1,519.7 | | (48.0) | (3.1) |

Note: FY 2007-08 figures reflect supplementals and Executive Order (EO) actions through May 15, 2008.

Overview

The Department of Environmental Quality (DEQ) supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

Major Budget Issues

- General Fund replacement of fee based revenue: \$13,473,300.
- Water Withdrawal Assessment Program line item included as a \$5,000 place holder.
- Changes made by the Senate to the current year budget are not included in the House Substitute.

| Major Budget Changes From FY 2007-08 YTD Appropriations | | FY 2007-08 YTD | House Change From YTD |
|---|--------------|---------------------|--------------------------|
| 1. Restricted Fee Revenue | Gross | \$36,863,900 | \$0 |
| Replaces fee based revenue with General Fund. A similar \$11,000,000 adjustment was enacted in FY 2007-08. | Restricted | 36,863,900 | (13,473,300) |
| | GF/GP | \$0 | \$13,473,300 |
| Above Ground Storage Tank Fees | | \$0.4 million | |
| Air Emissions Fees | | \$4.4 million | |
| Environmental Pollution Prevention | | \$1.1 million | |
| Groundwater Discharge Permits | | \$1.7 million | |
| Land and Water | | \$3.2 million | |
| Mineral Wells Regulation | | \$0.1 million | |
| On-site Waste Water Treatment | | \$0.6 million | |
| Solid Waste Fees | | \$0.5 million | |
| Underground Storage Tank Fees | | \$1.0 million | |
| Waste Reduction Fees | | \$0.5 million | |
| 2. Statewide Organizational Consolidation: Human Resources and Internal Audit | FTE | 13.0 | (13.0) |
| | Gross | \$1,602,500 | (\$1,476,000) |
| Provides funding to the Department of Management and Budget for consolidated Human Resource functions in the Civil Service Commission budget (E.O. 2007-30), and to implement the transfer of internal audit functions and services (E.O. 2007-31). The Human Resources appropriation is transferred to DMB, while the \$228,500 for internal audit is set aside in a new line item for future interdepartmental transfer for DMB audit expenses. | Restricted | 1,248,300 | (1,160,500) |
| | GF/GP | \$354,200 | (\$315,500) |

| <u>Major Budget Changes From FY 2007-08 YTD Appropriations</u> | | <u>FY 2007-08 YTD</u> | <u>House Change From YTD</u> |
|---|--------------|------------------------------|---|
| 3. Federal Fund Revenue | Gross | \$131,750,500 | (\$1,227,600) |
| Reflects expected FY 2007-08 grant adjustments. | Federal | \$131,750,500 | (\$1,227,600) |
| Revitalization Revolving Loan Program (\$1,000,000) | | | |
| Bio-watch (Indoor Air Quality Monitoring) (327,600) | | | |
| Coastal Grants Program 100,000 | | | |
| 4. State Restricted Fund Revenue | Gross | \$888,000 | (\$324,500) |
| Reflects revised revenue estimates for air quality fees (\$108,400) and administration revenue from Clean Michigan Initiative grant programs (\$216,100). | Restricted | \$888,000 | (\$324,500) |
| 5. Laboratory Workload Adjustment | Gross | \$4,199,600 | \$200,000 |
| Increased interdepartmental charges are authorized, reflecting increased laboratory service levels to department programs. | IDG/IDT | \$4,199,600 | \$200,000 |
| 6. Michigan Transportation Fund Support for Administration | Gross | \$19,505,500 | \$5,800 |
| Increased interdepartmental grant support for department administration costs, based on the department's cost allocation plan and right-of-way program expenses. Restricted fund support for administration programs is reduced. The Senate does not support this change. | IDG/IDT | 1,057,000 | 186,800 |
| | Restricted | \$18,448,500 | (\$181,000) |
| 7. Economic Adjustments | Gross | N/A | \$639,800 |
| Provides an adjustment to cover the annualized cost of the 2% salary increase provided in FY 2007-08. | IDG | | 21,800 |
| | Federal | | 185,800 |
| | Private | | 600 |
| | Restricted | N/A | 353,400 |
| | GF/GP | | \$78,200 |

Major Boilerplate Changes From FY 2007-08

Sec. 226. No Fee Increase in FY 2008-09 – NEW

States legislative intent that no fee or permit increases will be approved in FY 2008-09.

Sec. 227. Restricted Fund Shortfall Plan – DELETED

States legislative intent to address restricted fund shortfalls on January 15, 2008.

Sec. 227. Agriculture Environmental Assurance Program – NEW

Department prohibited from administering the MDA Agriculture Environmental Assurance Program.

Sec. 228. Reduction Plan for FY 2008-09 – NEW

Requires a 5% reduction plan and requires a report to the legislature.

Sec. 231. Internet Report on FY2008-09 Expenditures – NEW

Requires report on FY2008-09 spending.

Sec. 232. Employee Suggestion Program – NEW

Establishes a staff savings initiative program. A 10% incentive is included.

Sec. 706. Audit of Leaking Underground Storage Tank Program – DELETED

States legislative intent to have Legislative Auditor General perform a performance audit of Leaking Underground Storage Tank Program.

Sec. 707. Operational Memoranda – DELETED

Bans use of operational memoranda for selected programs.

Sec. 803. Concentrated Animal Feeding Operations (CAFO) Report – DELETED

Requires Department and Department of Agriculture to prepare a report on the CAFO inspection program.

Major Boilerplate Changes From FY 2007-08

Sec. 904. Sewerage Discharge Elimination Plan – DELETED

Requires preparation of a plan to eliminate sewerage discharges into water resources by 2015.

Sec. 906. Contaminated Sediments Carryforward – NEW

Appropriates funds remaining in the Contaminated Sediments Cleanup Program for FY 2008-09.